



# 2026/27 Business Plan and Budget



## Introduction

This Business plan and Budget set out the key activities to be delivered by the East Sussex Pension Fund (the Fund) in 2026/27 and the associated budget to deliver these targets and the day-to-day administration activities of running the Fund.

This report includes:

- business plan themes,
- budget for 2026/27 compared against 2025/26 forecast spend,
- key assumptions in setting the budget and
- key deliverables of the budget plan themes.

## Business Plan

Following the significant impact on the Fund that have resulted from the “Local Government Pension Scheme: Fit for the Future” consultation as well as the potential impact that Local Government Re-organisation may have we anticipate that 2026/2027 will continue to be an extremely busy and unusual period for the Fund and a period of change.

As a result of the ‘Fit for the Future’ consultation the Fund has been require to change Investment Pools by 1<sup>st</sup> April 2026. The Fund’s current investment pooling partner - ACCESS – made a submission to government setting out a proposal to meet the requirements of the consultation, but this was not supported by government. As a result and following an extensive evaluation exercise supported by external advisors, the Fund will join the Border to Coast Pension Partnership Pool on 1<sup>st</sup> April 2026. A period of re-organisation in relation to the Fund’s assets will be required and this will take some time. Border to Coast Pension Partnership will also take over much wider role in relation to the implementation of the Fund’s investments than was the case for the ACCESS pool and will also, in due course, provided investment advice to the Fund.

In addition to the changes outline above, a substantial review of governance will need to be carried to ensure compliance with the proposed governance changes that will include a change to the Senior Officer for the Fund and the appointment of an independent expert to the Committee in a non-voting capacity.

It is anticipated that 2026/27 will see key activities within the following themes:

### **Team Development:**

- Continue to develop staff providing training (including professional qualifications) and opportunities to the team to support staff retention.
- Recognition of staff achievements, dedication and success.
- Manage the the evolving the relationship between officers and the new investment pool.
- Any new starters will be trained, supported in understanding and delivering their responsibilities and integrated into the team.
- Provide opportunities for staff to attend conferences and training courses.
- Invest in and develop communications team and offering.

### **Oversight and Governance:**

- Ensure the Fund meets all statutory requirements around the 2025/26 valuation and reporting cycle.
- Ensure the Fund is compliant with all the governance recommendations that come from the “Fit for the Future Review”, which are extensive.
- Build on training provided to Board and Committee members to expand knowledge and drive best practice, ensuring a robust induction for new members.
- Further embed a culture of cyber security and resilience
- Provision of high-quality financial reporting.
- The record keeping of financial information of the pension fund is accurate and complete.
- The cash management of the pension fund has an appropriate strategy for its needs.
- Cash management activities are undertaken to ensure that pension benefits are paid when due.
- Work with East Sussex County Council and East Sussex Fire Authority to maximise the benefits of the new financial system and develop new ways of working with the functionality this offers.
- Ensure a robust SLA arrangement is in place between the Fund and ESCC for services provided to the Fund.
- Ensure all policies and procedures are consistently maintained and reviewed, ensuring the Fund remains compliant with any new requirements or changes to existing standards regarding policy publication or format.

### **Investment:**

- Integrate with the governance arrangements with our LGPS Pool.
- Ensure that effective oversight is in place to ensure new pooling arrangements deliver efficient, robust and the best outcomes for Fund members, safeguarding their interests.

- Carry out analysis and monitoring of the Fund's future expected cashflow position and ensure a long term strategy will meet cashflow needs.
- Work with the Fund's LGPS pool ensuring that the Fund is compliant with government guidance and regulation regarding asset pooling.
- Monitor the Fund's investments and effectiveness of the investment strategy including the performance of its LGPS Pool.
- Ensure that the implementation of strategic investment decisions is undertaken by the pool efficiently and effectively.
- Work with our LGPS Pool to develop and report on Responsible investment activities.  
Monitor that any asset transitions made by the LGPS Pool are carried out as cost effectively as possible.

### **Administration:**

- Excellent SLA performance
- Implement Pensioner CPI Pension Increases at 3.8%
- Data Quality – maintain high TPR validator common/conditional scores
- Complete the McCloud recalculations by 31/08/2026
- Complete GMP reconciliation & rectification project for last 600 pensioners by 31/03/2026
- Last five existing employers onboarded to i-Connect & all employers monthly submissions up-to-date
- Digital Assistant (ESPA) live by 31/03/2026 and the ESPF makes appropriate use of AI
- Whilst now onboarded, we will continue to support/improve the Pensions Dashboards project
- Begin to create automated workflows and interaction on MSS
- Video Annual Benefit Statements issued by 31/08/2026
- Implement & administer the new self-insured incapacity process
- 2025 was the year Government consultations, 2026 will be the beginning of their implementation for example – Access & Fairness phase I

We will support and administer the changes from LGR and Mayoral as required

Each theme within the Business Plan includes activities planned for the year. The strategic nature of the Fund objectives means that a number of the 2026/27 activities build on work previously undertaken and continue into subsequent years.

## Budget

The detailed budget to support the Business plan themes and to carry out day to day administration of the Fund has been assessed at **£5,503k** (£4,645k 2025/26) is detailed in the table below.

| Item                                     | 2025/26<br>Budget<br>£000 | 2025/26<br>Forecast<br>Outturn<br>£000 | 2026/27<br>Budget<br>£000 |
|------------------------------------------|---------------------------|----------------------------------------|---------------------------|
| <b>Fund Staff Costs</b>                  |                           |                                        |                           |
| Fund Officers                            | 2,460                     | 2,331                                  | 2,502                     |
| <b>Sub Total</b>                         | <b>2,460</b>              | <b>2,331</b>                           | <b>2,502</b>              |
| <b>Oversight and Governance Expenses</b> |                           |                                        |                           |
| Investment advice                        | 386                       | 667                                    | 1019                      |
| Actuarial fund work                      | 105                       | 275                                    | 163                       |
| Actuarial employer work                  | 92                        | 97                                     | 100                       |
| Employer reimbursement                   | (92)                      | (105)                                  | (103)                     |
| Legal                                    | 49                        | 53                                     | 30                        |
| Governance costs                         | 60                        | 61                                     | 55                        |
| Audit (internal and external)            | 142                       | 135                                    | 142                       |
| <b>Sub Total</b>                         | <b>742</b>                | <b>1,183</b>                           | <b>1,405</b>              |
| <b>Investment Expenses</b>               |                           |                                        |                           |
| Custodian                                | 106                       | 111                                    | 109                       |
| <b>Sub Total</b>                         | <b>106</b>                | <b>111</b>                             | <b>109</b>                |
| <b>Administration Expenses</b>           |                           |                                        |                           |
| IT systems licenses costs and hardware   | 613                       | 613                                    | 596                       |
| Overheads                                | 348                       | 372                                    | 431                       |
| Admin operational support services       | 65                        | 98                                     | 96                        |
| Improvement projects                     | 105                       | 105                                    | 92                        |
| Consultancy                              | 34                        | 84                                     | 71                        |
| Communications                           | 36                        | 8                                      | 55                        |
| Training                                 | 46                        | 34                                     | 51                        |
| Subscriptions                            | 77                        | 79                                     | 80                        |
| Other expenses                           | 18                        | 22                                     | 22                        |
| <b>Sub Total</b>                         | <b>1,342</b>              | <b>1,415</b>                           | <b>1,493</b>              |
| <b>Income</b>                            |                           |                                        |                           |
| Income                                   | (5)                       | (5)                                    | (6)                       |
| <b>Sub Total</b>                         | <b>(5)</b>                | <b>(5)</b>                             | <b>(6)</b>                |
| <b>Total</b>                             | <b>4,645</b>              | <b>5,035</b>                           | <b>5,503</b>              |

## Budget Coverage

The Budget covers expenditure and income that is accounted for directly by the Fund where the Fund has control. It does not include the income and expenditure relating to member contributions, transfers in or benefits paid out.

The Fund has not included a budget line for investment manager fee invoices as this is based on the assets under management and the Fund cannot predict market volatility. Most investment management fees are deducted from the investment assets, so this is not comparable year on year and is not complete picture of the cost to the Fund. The complete position of investment management fees is assessed at year end and accounted for in the Financial Accounts.

**Fund staff costs** include the Pension Fund team and a percentage of S151 officer time.

**Investment advice** include, investment consultancy, independent adviser, ESG consultancy and costs associated with ACCESS and Border to Coast.

**Governance cost** include the administration of the Pension Board and Committee.

**Overheads** are recharges from ESCC for ancillary services such as Accounts Payable, Accounts Receivable, Treasury management, IT helpdesk and infrastructure, office space and other associated property costs.

**Admin operational support service** are postal charges for pensioner related distribution of payslips and the BACS bureau services provided by Surrey County Council

**Improvement projects** for 2025/26 budget include McCloud, Dashboard and completion of GMP rectification.

## Key budget assumptions

The key budget assumptions are set out below:

- Staffing cost assumes that vacancies will be filled at the most realistic opportunity and existing staff continue in post all year.
- The 2026/27 Pay Award is forecast to be 2.5% in line with the ESCC expectations.
- NI rates and thresholds will remain at 15% and £5000 respectively.
- ESCC employer contribution rate will decrease from 19.70% to 15.40% of pensionable pay.
- Increments will be applied to staff who are not at the top of their scale (two staff are on protected SCC pay and terms and conditions).
- ACCESS cost is based on the 24/25 budget set by the ACCESS Joint Committee.
- The overhead rate charge by ESCC for ancillary services property, IT, business administration and other services will increase from 14.36% to 15.70%

## Business plan deliverables by key theme

| Theme                                      | Tasks                                              | 2026/27 activity                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|--------------------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Team</b>                                | Staffing                                           | <p>Recruit to fill any vacancies in all teams.</p> <p>Recognise team and individual achievements.</p> <p>Train new staff in their roles and responsibilities.</p> <p>Promote competency-based training for all staff.</p> <p>Provide qualifications that will help staff in their career progression.</p>                                                                                                                                                                                   |
|                                            | Training                                           | <p>Invest in communications team and increase communication coverage.</p> <p>Promote conferences and training events where relevant to ensuring staff are kept up to date on all new regulations and guidance to ensure the Fund provides best practice and high customer service.</p>                                                                                                                                                                                                      |
| <b>Oversight and Governance activities</b> | Support                                            | <p>Enhance and continually improve the training program to develop knowledge and understanding for both new and existing Pension Board and Pension Committee members incorporating the increased training requirement that are being introduced in 2026.</p>                                                                                                                                                                                                                                |
|                                            | Cyber Resilience                                   | <p>Ensure all key systems are mapped for data transfers internally and externally to understand risk points.</p> <p>Continue engagement with IT team for testing resilience of systems.</p> <p>Continue to support staff in identifying cyber risk and phishing scams.</p> <p>Ensure cyber security risk is considered in any new procurements.</p> <p>Carry out a review of Business Continuity Plan and seek external professional advice in relation to pension fund cyber security.</p> |
|                                            | Strengthen Financial Reporting and Audit Readiness | <p>Maintain high standards in financial reporting.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                      |

| Theme             | Tasks                                          | 2026/27 activity                                                                                                                                                                                                                              |
|-------------------|------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                   |                                                | <p>Ensure timely and accurate production of financial statements.</p> <p>Prepare high-quality audit working papers.</p> <p>Achieve consistent unqualified audit opinions.</p> <p>Meet statutory deadlines for the Annual Report.</p>          |
|                   | Enhance Financial Systems and Controls         | <p>Collaborate with ESCC to improve financial systems. Maintain robust accounting controls and reconciliation processes.</p> <p>Regularly cleanse cost centres and general ledger codes. Ensure hierarchies are appropriately maintained.</p> |
|                   | Support Operational Efficiency                 | <p>Ensure prompt and accurate invoice processing and payments.</p> <p>Reconcile contributions effectively.</p> <p>Clear suspense codes accurately and in a timely manner.</p>                                                                 |
|                   | Improve Budgeting and Forecasting Capabilities | <p>Deliver accurate annual and medium-term budgets.</p> <p>Provide quarterly budget monitoring for governance bodies.</p> <p>Forecast cashflow needs to support investment and benefit payment strategies.</p>                                |
|                   | Ensure Compliance and Adaptability             | <p>Respond to regulatory changes, including outcomes from the “Fit for the Future” consultation.</p> <p>Review and evolve internal policies and procedures.</p> <p>Ensure timely and accurate submission of government returns.</p>           |
|                   | IT systems upgrades                            | <p>Improve utilisation of available IT systems.</p>                                                                                                                                                                                           |
|                   | Develop improvement plan                       | <p>Identify improvement projects and create an improvement plan to deliver high quality financial information effectively and efficiently.</p>                                                                                                |
| <b>Investment</b> | Set and monitor the Fund’s Investment Strategy | <p>Create and maintain an investment strategy that is aligned to guidance and regulations which consistently achieves</p>                                                                                                                     |

| Theme | Tasks                                                                                              | 2026/27 activity                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-------|----------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|       |                                                                                                    | <p>long-term risk-adjusted returns in line with the Fund's funding objectives.</p> <p>Work with the Fund's LGPS Pool to embed a cycle of continuous improvement in SAA design through enhanced scenario modelling, stress testing, and liquidity forecasting.</p> <p>Review effectiveness of the current strategy to ensure the Fund is best placed to meet its required performance set out in the Funding Strategy Statement.</p> <p>Develop with the LGPS Pool and relevant local government organisations the Fund's strategy around local investment.</p>                                                                                     |
|       | Monitor the Fund's investment performance including the oversight and performance of its LGPS Pool | <p>Provide reporting on the performance of the Fund on a strategic level and implementation basis.</p> <p>Develop the understanding of the investment costs that the Fund incurs and reporting via the cost transparency initiative.</p> <p>To meet with the Fund's LGPS pool to ensure challenge and oversight of stewardship of the Fund's assets are in line with expectations.</p> <p>Analysis of the underlying investments to enable a more proactive challenge to the LGPS Pool.</p>                                                                                                                                                        |
|       | Oversight of the implementation of strategic investment decisions                                  | <p>Ensure that the LGPS Pool implement any strategic changes to the investment strategy in a cost effective and efficient way that delivers the strategic intent.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|       | Enhance responsible investment integration, Climate Risk Management and Transparency               | <p>Challenge the LGPS Pool and outsourced managers on holdings and stewardship activity to evidence that activities are in line with the Funds expected RI activities.</p> <p>Continue to develop the Fund's reporting in line with Taskforce for Climate related Financial Disclosures (TCFD) requirements including scenario analysis.</p> <p>Work with our LGPS Pool to create a submission provided to FRC with a view to the Fund maintaining signatory status.</p> <p>Work with our LGPS Pool to report Fund Activities to Principle of Responsible Investment (PRI) as part of requirements of being a signatory. Reviewing areas where</p> |

| Theme                 | Tasks                                                                                                                                                               | 2026/27 activity                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                       |                                                                                                                                                                     | <p>the Fund/LGPS Pool could improve from the report findings.</p> <p>Annual review of the RI credentials of the LGPS Pool and all managers and develop appropriate analytic metrics to monitor the effectiveness of their RI work.</p> <p>Report quarterly the RI activities.</p> <p>Undertake an annual review of the carbon footprint of the Fund and to assess the transition position of the investments considering targets.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Pooling</b>        | Strengthen Strategic Relationships with the LGPS Pool                                                                                                               | <p>Position the Fund as a proactive, influential participant in Pool governance and product development.</p> <p>Work with the Pool to shape the evolution of the Pool's offerings to reflect the Fund's needs—especially in infrastructure, private credit, climate aligned equities, and impact strategies.</p> <p>Support the long-term development of pooled investment management solutions with high governance standards, competitive fees, and scalable platform capabilities.</p> <p>Work with the LGPS Pool to maintain full compliance with all pooling regulations and guidance.</p> <p>Conduct robust, efficient due-diligence on pooling changes to protect member interests and secure optimal outcomes.</p> <p>Support the development and delivery of the LGPS Pool's plan to meet all the requirements from the Fit for the Future consultation and resulting bill, regulations and guidance.</p> |
| <b>Administration</b> | <p>Maintain the high level of administration team performance and Data Quality.</p> <p>Completion of robotics for processing</p> <p>Continue to work to improve</p> | <p>Maintain the high level of KPI performance</p> <p>Production of Annual Benefit Statement by the statutory deadlines. Include new McCloud wording.</p> <p>Implementation of Pensioner CPI Pension Increase.</p> <p>Management of data submitted through i-Connect, forms, MSS and other input sources. Ensuring staff Altair task lists are managed effectively and KPI's achieved.</p> <p>Producing high TPR validator common/conditional scores</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

| Theme | Tasks                                 | 2026/27 activity                                                                                                                                                                                            |
|-------|---------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|       | member experience.                    | Create a Digital Assistant (chatbot) to answer FAQ's that sits on the Fund website.<br>Complete the project work on the redress of benefit calculations in relation to the Guaranteed Minimum Pension (GMP) |
|       | Work to resolve outstanding projects. | Implement the McCloud data & process calculations to determine whether in scope members would have been better off in the CARE or final salary scheme.                                                      |